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S E C R E T SECTION 1 OF 5 USNATO 5671

E.O. 11652: GDS 12/31/81

TAGS: MCAF, NATO

SUBJECT: DRC MEETING, NOVEMBER 22: FORCE PLANS FOR THE PERIOD
1974-1978

SUMMARY. DRC ON NOV 22 COMPLETED ITS ACTION ON GENERAL
REPORT, REVIEW OF COUNTRY FORCE PLANS FOR 1974-78 (DRC/WP(73)6).
REPORT WILL BE ISSUED AS DRAFT DPC REPORT TO MINISTERS ON
FORCE PLANS (DPC/D)73(23), WHICH DPC WILL ADDRESS ON NOV 29.
IN OUR VIEW, DRAFT REPORT HAS SOME USEFULNESS AS A SUCCINT PRESENTA-
TION
OF ASPECTS OF OVERALL NATO FORCE PLANS BUT IS NOT SATISFACTORY IN
DISCUSSION OF NATO-WP BALANCE. ACTION REQUESTED:

WASHINGTON COMMENTS/GUIDANCE PRIOR TO NOV 29 DPC REVIEW OF
1974-78 FORCE PLANS. END SUMMARY.

1. AS APPROVED BY DRC, DRAFT REPORT TO MINISTERS ON 1974-78
FORCE PLANS SUMMARIZES A) INDIVIDUAL FORCE CONTRIBUTIONS OF
EACH COUNTRY IN 1973 IN RELATION TO THE COMMITMENTS UNDERTAKEN
IN DECEMBER 1972; B) THE EXTENT TO WHICH NATIONAL FORCE
PLANS FOR THE PERIOD 1974-78 MEET THE NATO 1973-78 FORCE GOALS,
DRAWING ATTENTION (IN AN ANNEX) TO QUANTITATIVE AND QUALITATIVE
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CHANGES IDENTIFIED BY THE MAJOR NATO COMMANDERS (MNCS); AND
C) ECONOMIC PROSPECTS AND FINANCIAL PLANS. REPORT ALSO
INCLUDES CONCLUSIONS AND RECOMMENDATIONS SECTIONS. DETAILS
OF INDIVIDUAL COUNTRIES' DEFENSE PLANS APPEAR IN COUNTRY

CHAPTER SERIES (DPC/D(73)23, COUNTRY SERIES).

2. TEXT OF DRAFT REPORT TO MINISTERS (MINUS INTRODUCTORY PARAGRAPHS, PARAGRAPH ON 1973 FORCE COMMITMENTS, AND ANNEX ON QUANTITATIVE AND QUALITATIVE CHANGES TO 1974-78 FORCE PLANS), SUBJECT TO MINOR EDITORIAL CHANGES, FOLLOWS:

BEGIN TEXT.

NATO FORCE PLAN 1974-1978

8. NATIONAL PLANS FOR THE PERIOD 1974-1978 ARE ON BROADLY THE SAME LINES AS THOSE REPORTED LAST YEAR FOR THE PERIOD TO END-197. FOR 1974 THE FORCES WHICH COUNTRIES ARE PROPOSING TO COMMIT TO NATO ARE IN GENERAL THE SAME OR LESS THAN THOSE COMMITTED FOR 1973.

9. FOR THE REMAINDER OF THE PERIOD UP TO 1978 THERE ARE QUANTITATIVE AND QUALITATIVE DIFFERENCES BETWEEN THE FORCES PLANNED AND THE FORCE GOALS. THOSE TO WHICH THE MAJOR NATO COMMANDERS HAVE DRAWN PARTICULAR ATTENTION ARE DESCRIBED AT ANNEX. THE MAIN FEATURES, SERVICE BY SERVICE, ARE AS FOLLOWS.

LAND FORCES

10. IN THE LAND FORCES PARTICULAR ATTENTION IS BEING PAID TO THE IMPROVEMENT OF ANTI-ARMOUR AND AIR DEFENCE CAPABILITIES IN ACCORDANCE WITH THE AD 70 RECOMMENDATIONS. MOST COUNTRIES HAVE ALREADY PROCURED, OR HAVE FIRM PLANS TO PROCURE SHORT-RANGE ANTI-ARMOUR WEAPONS OF A MORE MODERN TYPE. THE AVAILABILITY OF MEDIUM AND LONG-RANGE WEAPONS IS ALSO IMPROVING AS ALL COUNTRIES, EXCEPT PORTUGAL, HAVE PLANS TO INTRODUCE MODERN ANTI-TANK MISSILE SYSTEMS INTO THEIR FORCES. IN A NUMBER OF CASES HOWEVER ONLY LIMITED QUANTITIES WILL BE PROCURED. FEW COUNTRIES HAVE PLANS FOR THE PURCHASE OF HELICOPTERS WITH AN ANTI-ARMOUR CAPABILITY. THE SITUATION REGARDING BARRIERS AND MINE-LAYING EQUIPMENT
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REMAINS FAR FROM SATISFACTORY.

11. IMPROVEMENTS ARE ALSO BEING MADE, ALTHOUGH TO A LESSER DEGREE, IN THE AIR DEFENCE SECTOR. ALL COUNTRIES HAVE ANTI-AIRCRAFT GUN SYSTEMS AND SOME, EMG. BELGIUM, GERMANY, THE NETHERLANDS AND TURKEY, HAVE PLANS FOR PROGRAMS FOR IMPROVING THESE. MOST COUNTRIES, EXCEPT BELGIUM, GREECE, THE NETHERLANDS AND TURKEY, PLAN TO INTRODUCE LOW LEVEL AIR DEFENCE GUIDED MISSILE SYSTEMS. NO COUNTRY, EXCEPT GERMANY, NORWAY, THE UNITED KINGDOM AND THE UNITED STATES, PLANS TO ACQUIRE MODERN ALL-WEATHER AIR DEFENCE MISSILE SYSTEMS.

12. ALL COUNTRIES WITH THE EXCEPTION OF CANADA, GREECE AND

TURKEY HAVE ALREADY INTRODUCED NEW MAIN BATTLE TANKS OR HAVE FIRM PLANS FOR REPLACEMENT OF THOSE NOW IN SERVICE. THREE CATEGORY A-1 DIVISIONS OF THE GERMAN ARMY, TOGETHER WITH A NUMBER OF ITALIAN, DUTCH, AND NORWEGIAN UNITS, WILL NOT BE REQUIPPED WITH MODERN TANKS AT THE END OF THE PERIOD.

13. ANOTHER IMPORTANT FORCE GOAL FOR THE LAND FORCES IS THE REPLACEMENT OF THE HONEST JOHN AND SERGEANT MISSILES BY LANCE. BELGIUM, GERMANY, THE UNITED KINGDOM AND ITALY ARE ENGAGED IN PROCURING THIS WEAPON, THE FIRST THREE AS A RESULT OF A CO-ORDINATED EUROPGROUP INITIATIVE. THE NETHERLANDS ARE CONDUCTING BILATERAL TALKS WITH THE FRG ON THE BASIS OF THE RECOMMENDATIONS OF THE CURRENT NATO STUDY ON SPECIALIZATION.

MARITIME FORCES.

14. THERE ARE TWO MAIN INTERRELATED PROBLEMS FACING THE NATO NAVIES UP UNTIL 1978. THE FIRST IS THAT A NUMBER OF OLD SHIPS HAVE RECENTLY OR WILL SOON BE PHASED OUT AND THE NEWLY CONSTRUCTED SHIPS TO REPLACE THEM WILL NOT ENTER SERVICE UNTIL LATER IN THE PERIOD, AND THEN NOT ON A ONE-FOR-ONE BASIS. SECONDLY, IN SPITE OF THIS THERE WILL STILL REMAIN IN SERVICE A NUMBER OF AGEING SHIPS, THE REPLACEMENT OF WHICH HAS NOT YET BEEN FIRMLY PLANNED. FAILURE IN THIS RESPECT, PARTICULARLY IN VIEW OF THE LONG LEAD TIME REQUIRED FOR THE CONSTRUCTION OF NAVAL UNITS, WILL EXACERBATE THE PROBLEM OF REPLACEMENT TO BEFALL IN LATER YEARS.

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WHILE MOST COUNTRIES HAVE PLANS FOR QUALITATIVE IMPROVEMENTS IN NATO WEAPON SYSTEMS AND IN COMMUNICATIONS AND ELECTRONIC COUNTERMEASURES EQUIPMENT, THESE IN MANY CASES ARE SUBJECT TO DELAYS AND WILL NOT MEET THE QUALITATIVE GOALS FOR 1978 IN FULL. IN THE MEANTIME CAPABILITY WILL IN CONSEQUENCE BE BELOW THE REQUIRED LEVEL. THERE IS ALSO, PARTICULARLY IN THE BEGINNING OF THE PERIOD UNDER REVIEW, A MARKED REDUCTION IN IMMEDIATE READINESS STATES OF UNITS COMPARED WITH FORECASTS MADE LAST YEAR.

15. THERE ARE VERY SUBSTANTIAL MODERNIZATION AND REPLACEMENT PROGRAMMES IN BOTH THE UNITED KINGDOM AND THE UNITED STATES BUT THEIR FULL EFFECT WILL ONLY BE REALIZED TOWARDS THE END OF THE PERIOD. IN GREECE AND TURKEY THERE ARE PLANS FOR THE REPLACEMENT OR MODERNIZATION OF OBSOLESCENT SHIPS, BUT THESE ARE DEPENDENT FOR THEIR FULFILMENT ON FOREIGN AID. IN DENMARK, ITALY, THE NETHERLANDS, NORWAY AND THE UNITED KINGDOM THERE ARE SLIPPAGES IN THE PROGRAMMES FOR NEW SHIP CONSTRUCTION AND THE INSTALLATION OF NEW WEAPON SYSTEMS. IN CANADA, THE NETHERLANDS AND GREECE, DECISIONS ARE STILL AWAITED ON THE PROCUREMENT OF NEW MARITIME PATROL AIRCRAFT.

AIR FORCES
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16. AS REGARDS THE AIR FORCES, GERMANY, THE UNITED KINGDOM AND THE UNITED STATES HAVE SUBSTANTIAL PROGRAMES FOR THE RE-EQUIPMENT OF THEIR AIR FORCE WITH MODERN AIRCRAFT. ITALY HAS AN INTERIM CONVERSION AND EXPANSION PROGRAMME, AND PARTICIPATES WITH THE UNITED KINGDOM AND GERMANY IN THE LONG-TERM MRCA PROJECT. GREECE AND TURKEY HAVE EACH ACQUIRED TWO SQUADRONS OF PHANTOM AIRCRAFT (F-4) FROM THEIR OWN RESOURCES, BUT THE REPLACEMENT OF THE OTHER AIRCRAFT IN THEIR INVENTORIES, WHICH ARE ALL EITHER OBSOLETE OR OBSOLESCENT, WILL DEPEND ON EXTERNAL ASSISTANCE. BELGIUM HAS BROUGHT FORWARD HER AIR FORCE RE-EQUIPMENT PLANS BY ONE YEAR, BUT HAS NOT YET DECIDED ON THE TYPE OF AIRCRAFT TO ACQUIRE. CANADA, DENMARK, THE NETHERLANDS AND NORWAY ARE FACING AIRCRAFT REPLACEMENT PROBLEMS IN THE SAME PERIOD AND ARE CONSIDERING WHAT TYPE OF AIRCRAFT THEY WILL PROCURE.

GENERAL OBSERVATIONS

17. THERE ARE SOME INDICATIONS THAT THE ADVANTAGES OF PROCUREMENT OF COMMON TYPES OF EQUIPMENT ARE BEGINNING TO BE APPRECIATED. IN THE ARMY, FOR EXAMPLE, THE LEOPARD TANK, THE TWO, MILAN AND SWINGFIRE ANTI-ARMOUR MISSILES AND THE LANCE MISSILE SYSTEM ARE BEING PROCURED BY A NUMBER OF COUNTRIES. SEVERAL NAVIES ARE PURCHASING THE EXOCET, SEA SPARROW AND PENGUIN MISSILES. APART HOWEVER FROM THE JOINT DEVELOPMENT OF THE MRCA PROJECT REFERRED TO EARLIER THERE ARE FEWER INSTANCES OF JOINT ACTION

IN THE AIR FORCES WHERE, AS NOTED ABOVE, SEVERAL COUNTRIES FACE PROBLEMS OF REPLACING AIRCRAFT OF SAME TYPE AND ROLE IN THE SAME TIME-

SCALE; IT

WOULD BE UNFORTUNATE IF THIS UNIQUE OPPORTUNITY TO SOLVE MAJOR PROBLEMS OF MODERNIZATION, RE-EQUIPMENT AND STANDARDIZATION THROUGH THE PURCHASE BY THE COUNTRIES CONCERNED OF THE SAME AIRCRAFT TYPE, WERE TO BE MISSED. APART FROM THE ECONOMIC BENEFITS CONSIDERABLE ADVANTAGES WOULD ALSO ACCRUE IN THE FIELD OF TRAINING, CROSS-SERVICING, OVERHAUL AND MAINTENANCE, AND PROCUREMENT OF SPARE PARTS IF A GREATER DEGREE OF STANDARDIZATION WERE ACHIEVED IN NATO AIR FORCES.

18. THE NEED FOR AN ADEQUATE ELECTRONIC WARFARE CAPABILITY
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IN GROUND, NAVAL AND AIR FORCES HAS BEEN LONG RECOGNIZED; IT HAS NOW BEEN UNDERLINED BY RECENT EVENTS IN THE MIDDLE EAST, AND AN APPRECIATION OF WARSAW PACT CAPABILITIES IN THIS FIELD. NO COUNTRY, HOWEVER, EXCEPT THE UNITED STATES AND TO SOME EXTENT CANADA AND THE UNITED KINGDOM, HAS AN ADEQUATE PROGRAMME FOR THE INTRODUCTION OF MODERN EFFECTIVE ECM AND ECCM EQUIPMENT INTO ITS FORCES.

19. THE PROGRAMME TO SHELTER 70 PERCENT OF ASSIGNED AND EAR-MARKED TACTICAL COMBAT AIRCRAFT IS UNDER WAY AND THE GREATER PART OF THE CURRENT PROGRAMME IS EXPECTED TO BE COMPLETED BY THE END OF 1974, EXCEPT IN THE SOUTHERN REGION, UNITED KINGDOM, AND UNITED KINGDOM BASES IN GERMANY. THE PICTURE REGARDING ACTIVE AIR DEFENCE IS NOT, HOWEVER, SO ENCOURAGING AND THE FORCE GOALS RECOMMEND THAT COUNTRIES ASSIGN PRIORITY TO THIS AND OTHER MEASURES CALLED FOR IN SACEUR'S PROGRAMME FOR THE PHYSICAL PROTECTION OF AIRFIELDS. AT PRESENT, FOR EXAMPLE, ONLY THE UNITED KINGDOM AND UNITED STATES HAVE A CAPABILITY FOR RAPID RUNWAY REPAIR.

20. THE QUESTION OF WAR RESERVES IS BEING DEALT WITH IN A SEPARATE REPORT TO MINISTERS. IN GENERAL COUNTRIES MEET THE 30-DAY LEVEL OF NATO RATES BUT THERE ARE STILL SHORT-FALLS AND IMBALANCES IN CRITICAL ITEMS; PARTICULAR ATTENTION SHOULD BE DRAWN TO THE VERY LOW LEVELS IN GREECE, ITALY, AND TURKEY.

21. SATISFACTORY ARRANGEMENTS FOR THE RECEPTION AND SUPPORT OF REINFORCEMENT FORCES HAVE BEEN ACHIEVED IN ONLY A FEW AREAS. WHILE THERE HAVE BEEN SOME NEGOTIATIONS BETWEEN A NUMBER OF COUNTRIES IN THIS CONNECTION, THERE APPEARS TO BE SOME UNCERTAINTY AS TO THE REINFORCING COUNTRIES' REQUIREMENTS. FURTHER, IT IS NOT ALWAYS CLEAR WHAT ACTION IS BEING TAKEN BY HOST COUNTRIES TO MEET THE REQUIREMENTS WHERE THESE ARE KNOWN.

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22. CERTAIN COUNTRIES(E.G. BELGIUM, DENMARK AND THE UNITED STATES) PROPOSE TO RELY IN FUTURE IN A GREATER PROPORTION OF REGULAR PERSONNEL IN THEIR ARMED FORCES AND CONSEQUENTLY TO REDUCE THE NUMBER OF CONSCRIPTS AND THE PERIOD OF COMPULSORY MILITARY SERVICE. THIS SHOULD CONTRIBUTE TO THE EFFICIENCY AND COMBAT READINESS OF THEIR FORCES IN THE LONG-TERM; ON THE OTHER HAND IT WILL ALSO ADD TO THE PERSONNEL COSTS IN THE DEFENCE PROGRAMME. THE U.S. IS MAKING PROVISION IN CURRENT DEFENSE BUDGETS FOR THE INCREASED PERSONNEL COSTS OF THEIR ALL-VOLUNTEER FORCE; BELGIUM PROPOSES TO MAKE A SPECIFIC ADDITION TO THE DEFENCE BUDGET IN FUTURE YEARS TO COMPENSATE FOR THIS. LOW MANNING LEVELS AND SHORTAGE OF TRAINING FOR RESERVISTS ARE STILL PARTICULARLY NOTICEABLE IN THOSE COUNTRIES (E.G. NORWAY AND DENMARK) WHICH RELY HEAVILY ON THE RECALL OF RESERVISTS TO COMPLETE THE WAR AUTHORIZED STRENGTHS OF THE STANDING FORCES, AND IN LUXEMBOURG.

REVIEW OF COUNTRY FORCE PLANS 1974-1978

MILITARY SUITABILITY OF THE 1974-1978 FORCE PLAN

AND ASSOCIATED RISKS

23. THE MILITARY COMMITTEE POINT OUT THAT THE PLANS AND PROGRAMMES ESTABLISHED LAST YEAR HAVE GENERALLY BEEN CONFIRMED IN COUNTRY PLANS 1974-1978, BUT THAT MANY SPECIFIC AD70

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MEASURES, WHICH WERE INCLUDED IN THE FORCE GOALS, HAVE NOT FOUND THEIR WAY INTO FORCE PLANS. THE SITUATION, THEREFORE, HIGHLIGHTED IN THE EVALUATION OF FORCE PLAN 1973-1977 REMAINS, ON BALANCE, LARGELY UNCHANGED AND MOST DEFICIENCIES, IN VARYING

DEGREES, REMAIN. FURTHER, THE MILITARY COMMITTEE CONSIDERS THAT, IN AN ERA OF POSSIBLE FORCE REDUCTIONS AND ALSO IN THE LIGHT OF ANY LESSONS TO BE LEARNED FROM THE RECENT MIDDLE EAST CONFLICT, NATO FORCES WILL NOT BE ABLE TO RESPOND EFFECTIVELY TO THE FULL SPECTRUM TO CONDITIONS ENVISAGED BY MC14/3 UNLESS THOSE DEFICIENCIES, UNDERLINED IN AD 70 STUDIES, ARE CORRECTED BY IMPLEMENTATION OF THE NATO FORCE GOALS.

23(BIS) THE MC CONCLUDES THAT WHEN THE TRENDS OF CONVENTIONAL NATO FORCES, AS REVEALED IN THE 1974-1978 FORCE PLANS, ARE COMPARED WITH THE QUALITATIVE AND, IN SOME CASES, QUANTITATIVE IMPROVEMENTS OF WARSAW PACT FORCES OVER THE SAME PERIOD, THE EXISTING GAP BETWEEN WARSAW PACT FORCES AND NATO FORCES' CONVENTIONAL CAPABILITIES APPEARS TO BE WIDENING. THE MILITARY COMMITTEE, THEREFORE, URGES NATIONS TO TAKE CONTINUOUS AND VIGOROUS ACTION TO BRING THEIR PART OF NATO'S FORCES TO THE LEVELS OF MANNING, READINESS, MODERNISATION, AND EFFECTIVENESS NECESSARY TO MAINTAIN THE SECURITY OF THE ALLIANCE.

ECONOMIC PROSPECTS AND FINANCIAL PLANS

24. FURTHER CONSIDERABLE INCREASES IN DEFENCE EXPENDITURE IN MONEY TERMS HAVE BEEN REPORTED BY NEARLY ALL COUNTRIES FOR 1973 AND ARE PLANNED FOR 1974. A LARGE PART OF THE ADDITIONAL EXPENDITURE IS, HOWEVER, ABSORBED BY RISING PRICES AND COSTS. THE STRONG ECONOMIC GROWTH IN THE ALLIANCE DURING 1973 IS EXPECTED TO SLOW DOWN SOMEWHAT IN 1974. INFLATION WILL REMAIN A SERIOUS PROBLEM. SOME DAMPENING OF THE INFLATIONARY PRESSURE WAS IN SIGHT IN THE AUTUMN OF 1973 BUT THE ECONOMIC EFFECTS OF THE OIL EMBARGO MIGHT REVERSE THIS TREND IN 1974.

25. THE UNITED STATES HAS THE SECOND HIGHEST SHARE OF GNP FOR DEFENSE IN THE ALLIANCE, BUT INCREASES IN DEFENCE EXPENDITURES IN MONETARY TERMS ARE SLOWING DOWN FOLLOWING THE MILITARY DISENGAGEMENT OF THE UNITED STATES FROM VIETNAM, AND ONLY
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MARGINAL INCREASES IN REAL TERMS ARE FORESEEN FOR THE FISCAL YEARS 1973 AND 1974. NO FIRM FINANCIAL PLANS ARE REPORTED FOR DEFENCE BUDGETS BEYOND 1974. HOWEVER, THE INDICATIONS ARE THAT THE DEFENCE SHARE OF GNP WILL CONTINUE TO DECLINE IN THE US; IT IS NOT 6.6 PERCENT AGAINST 8.7 PERCENT IN 1970. IN CANADA THE NEW FINANCIAL PLAN FOR DEFENCE ESTABLISHES A BASE FOR ARRESTING THE DECLINE IN EXPENDITURES IN REAL TERMS; THE DEFENCE SHARE OF GNP, DOWN TO 2.4 PERCENT IN 1973, WILL HOWEVER CONTINUE TO FALL.

26. IN NATO EUROPE, NORWAY AND DENMARK HAVE ANNOUNCED FINANCIAL PLANS INDICATING SOME REAL INCREASE IN THEIR DEFENCE BUDGETS OVER THE PLAN PERIOD; BELGIUM HAS RE-STATED HER INTENTION

TO MAINTAIN A 4 PERCENT YEARLY REAL RISE AND THAT THIS WILL BE INCREASED TO MEET THE COST OF HER "CAREER ARMY" PLAN. GREECE AND TURKEY BOTH PLAN CONSIDERABLE REAL INCREASES FOR DEFENCE, THEIR DEFENCE SHARE OF GNP REMAINING ABOVE THE EUROPEAN AVERAGE; PORTUGAL, WHICH HAS THE HIGHEST DEFENCE SHARE OF GNP IN THE ALLIANCE FORESEES SOME REDUCTION IN REAL TERMS. GERMANY AND

THE UNITED KINGDOM BOTH PLAN AT LEAST TO MAINTAIN OR SLIGHTLY TO INCREASE, THE REAL VALUE OF THEIR DEFENCE BUDGETS; THEIR DEFENCE SHARES OF GNP WILL NEVERTHELESS DECLINE. THREE COUNTRIES, ITALY, LUXEMBOURG AND THE NETHERLANDS HAVE NOT YET REPORTED FINANCIAL PLANS BEYOND 1974.

27. ON THE BASIS OF THE FINANCIAL PLANS THAT ARE KNOWN, IT WOULD SEEM THAT FURTHER INCREASES IN DEFENCE EXPENDITURES IN MONETARY TERMS ARE LIKELY IN NEARLY ALL MEMBER COUNTRIES. FOR THE DPC EUROPEAN MEMBERS AS A WHOLE THE OUTLOOK FOR 1974 IS FOR AN INCREASE OVER \$2,000 MILLION(1). BUT, IN 1973, WHEN THE INCREASE WAS OF THE ORDER OF \$3,000 MILLION, NEARLY TWO-THIRDS OF THIS WAS ABSORBED BY RISING PRICES AND WAGES. THUS FOR 1974, ALTHOUGH GREAT EFFORTS ARE BEING MADE TO CURB INFLATION, IT IS LIKELY THAT THE REAL INCREASE IN DEFENCE SPENDING WILL BE MARGINAL, COMPARED WITH THE SIGNIFICANT ADDITIONS TO THE REAL RESOURCES TO DEFENCE MADE IN 1971, 1972 AND 1973. THE DEFENCE SHARE OF GNP FOR THESE COUNTRIES, WHICH ROSE FROM 4 PERCENT IN 1970 TO 4.3 PERCENT IN 1972. CAN BE EXPECTED TO DECLINE SLOWLY IN 1973 AND 1974.

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28. FOR THE 1974-1978 DEFENCE PLANNING PERIOD INFORMATION ON THE FINANCIAL PLANS OF MEMBER COUNTRIES IS INSUFFICIENT TO ASSES THE OVERALL TRENDS WITH ANY CERTAINTY. THE INDICATIONS

ARE THAT DEFENCE EXPENDITURES, AT BEST, WILL RISE SLOWLY IN REAL TERMS, CONSIDERABLY BELOW THE GNP GROWTH RATES WHICH, WITH ONE OR

(1) AT EXCHANGE RATES FOR THE FIRST HALF OF 1973

TWO EXCEPTIONS ARE EXPECTED TO AVERAGE 4 TO 4 PERCENT YEARLY ACCROSS THE ALLIANCE(ON THE ASSUMPTION THAT THE CURRENT OIL CRISIS DOES NOT ENTAIL SERIOUS ECONOMIC DISRUPTION). IN ALMOST ALL COUNTRIES OF THE ALLIANCE THERE WOULD SEEM TO BE A SUFFICIENT MARGIN WITHIN THEIR GROWING ECONOMIES TO PERMIT THEM TO FOLLOW THE RESOURCE GUIDANCE FOR DEFENCE PLANNING PROMULGATED BY THEIR MINISTERS IN JUNE LAST YEAR, I.E. THAT NATIONS SHOULD DEVOTE TO DEFENCE A STABLE AND POSSIBLY LARGER PROPORTION OF THEIR GROWING NATIONAL WEALTH.

29. IN THE WARSAW PACT COUNTRIES THE LEVEL OF DEFENCE SPENDING APPEARS TO HAVE BEEN MAINTAINED OVER THE LAST THREE YEARS. FOR THE USSR IT HAS BEEN ESTIMATED THAT THE PURCHASING POWER OF DEFENCE EXPENDITURES IS ROUGHLY OF THE SAME MAGNITUDE AS THAT OF
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THE UNITED STATES. FOR THE FUTURE THERE ARE INDICATIONS THAT THE RECENT LEVELLING OFF OF EXPENDITURES WILL BE REVERSED AND THAT THE LONG-TERM UPWARD TREND WILL BE RESUMED FOR THE REMAINDER OF THE 1970S.

CONCLUSIONS

DESPITE THE SOLID ACHIVEMENTS REPRESENTED BY COUNTRY FORCE PLANS FOR 1974, THE REVIEW HAS DRAWN ATTENTION TO IMPORTANT WEAKNESSES WHICH REMAIN IN MANY IMPORTANT AREAS OF NATO DEFENCE. MOST COUNTRIES HAVE PLANS AND PROGRAMMES FOR ALLEVIA T-

ING THE MOST CRITICAL (FOR EXAMPLE IN ANTI-ARMOUR AND AIR DEFENCE AND IN AIRCRAFT SURVIVABILITY), BUT IMPROVEMENTS ARE GENERALLY BEING INTRODUCED ONLY ON A LIMITED SCALE AND MORE SLOWLY THAN THE TREAT REQUIRES. AT SEA THE CAPABILITIES OF NATO MARITIME FORCES WILL BE IMPROVED BY THE END OF THE PERIOD, BUT IN THE INTERVENING YEARS THEIR ABILITY TO DEAL ADEQUATELY WITH THE THREAT AT SEA WILL BE SOMEWAHT LIMITED. IN THE AIR, AN OVERALL JUDGEMENT OF THE FUTURE CAPABILITY OF NATO AIR FORCES MUST BE SUSPENDED PENDING IMPORTANT AIRCRAFT REPLACEMENT DECISIONS NOW AWAITED IN SEVERAL COUNTRIES. IN MANY INSTANCES MANNING LEVELS, STATNDARDS OF TRAINING AND LEVELS OF WAR RESERVES IN ALL SERVICES GIVE CAUSE FOR CONCERN.

AS TO THE GENERAL SCALE OF NATIONAL DEFENCE EFFORTS FOR THE FUTURE (EXPRESSED AS A PERCENTAGE OF GNP), SUCH INFORMATION AS IS AVAILABLE INDICATES THAT THEY ARE NOT LIKELY TO BE MAINTAINED AT THEIR PRESENT LEVELS, AND THAT IS MOST CASES A DECLINE IS EXPECTED OVER THE PERIOD. UNLESS THIS TREND CAN BE

REVERSED THERE IS THE DANGER THAT MANY IMPORTANT FORCE IMPROVEMENTS, WELL WITHIN THE GRASP OF NATIONS TO ACHIEVE, WILL NOT BE IMPLEMENTED BECAUSE THE NECESSARY RESOURCES WILL NOT BE MADE AVAILABLE.

THE SIGNIFICANCE IF THIS MUST BE MEASURED AGAINST THE CONTINUING MOMENTUM OF THE SOVIET MILITARY PROGRAMME, THE SCALE OF RESOURCES DEVOTED TO IT AND THE IMPROVED STRENGTH AND EFFECTIVENESS OF SOVIET FORCES IN EVERY FIELD. THIS, TOGETHER WITH THE POSSIBILITY OF REDUCTIONS IN THE SIZE OF NATO FORCES WHICH MAY RESULT FROM MBFR NEGOTIATIONS, PLACES RENEWED EMPHASIS
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ON THE NEED FOR QUALITY IN EQUIPMENT, TRAINING AND READINESS. THERE MUST BE FRESH EFFORTS AT IMPROVMENT HERE IF THE CONVENTIONAL ELEMENT OF THE NATO DETERRENT IS TO REMAIN EFFECTIVE.

RECOMMENDATIONS

THE DEFENCE PLANNING COMMITTEE IN PERMANENT SESSION RECOMMENDS TO MINISTERS THAT THEY:

(A) NOTE THIS GENERAL REPORT TOGETHER WITH THE COUNTRY CHAPTERS AND STATISTICAL ANNEXES WHICH SET OUT THE CURRENT FORCE AND FINANCIAL PLANS OF COUNTRIES (WHERE KNOWN) FOR THE PERIOD 1974-1978.

(B) NOTE THE SECRETARY GENERAL'S OVERALL SUMMARY APPRAISAL;

(C) NOTE THE REPORT BY THE MILITARY COMMITTEE ON THE OVERALL SUITABILITY OF THE 1974-1978 FORCE PLAN AND THE ASSOCIATED DEGREE OF RISK;

(D) ADOPT ON BEHALF OF THEIR COUNTRIES THE FIRM FORCE COMMITMENTS REPRESENTED BY THE COUNTRY FORCE PLANS FOR 1974 AS RECORDED IN THE COUNTRY CHAPTERS AND THEIR STATISTICAL ANNEXES;

(E) ADOPT AS A NATO FORCE PLAN FOR THE PERIOD 1974-1978 THE FORCE STRUCTURE SET OUT IN THE COUNTRY CHAPTERS AND THEIR STATISTICAL ANNEXES AND SUMMARISED IN THE OVERALL SUMMARY FORCE TABLES, NOTING THAT THE FORCE PLAN COVERING THE PERIOD 1975-1979 TO BE SUBMITTED IN 1974 WILL BE BASED ON NEW FORCE GOALS FOR 1980 TO BE ADOPTED BY THE DEFENCE PLANNING COMMITTEE IN PERMANENT SESSION NEXT YEAR;

(F) UNDERTAKE TO TAKE ALL POSSIBLE ACTION TO REMEDY THE CRITICAL DEFICIENCIES IN NATO FORCES TO WHICH ATTENTION HAS BEEN DRAWN IN THE 1973 DEFENCE REVIEW, THE AD-70 REPORTS, AND THE BASIC ISSUES STUDY.

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(G) URGE COUNTRIES TO ALLOCATE TO NATO DEFENSE PURPOSES, WHERE THIS IS WITHIN THE ECONOMIC CAPABILITY OF COUNTRIES, A STABLE AND POSSIBLY LARGER PROPORTION OF THEIR GROWING NATIONAL WEALTH.

(H) RECALL AND AGAIN CONFIRM THE REYKJAVIK DECLARATION IN WHICH MEMBER COUNTRIES AFFIRMED THE PROPOSITION THAT THE OVERALL MILITARY CAPABILITY OF NATO SHOULD NOT BE REDUCED EXCEPT AS PART OF A PATTERN OF MUTUAL FORCE REDUCTIONS BALANCED IN SCOPE AND TIMING. (NOTE: SEE USNATO 5657 FOR MISSION COMMENT ON THIS SUBPARA.
END TEXT.

3. LANGUAGE IN ANNEX ON QUANTITATIVE AND QUALITATIVE CHANGES IDENTIFIED BY MNCS IN US FORCE PLANS IS QUOTED BELOW: BEGIN TEXT.

XIII. UNITED STATES

1. SIGNIFICANT IMPROVEMENTS

(A) CONTINUED INTRODUCTION OF NEW, IMPROVED MAJOR EQUIPMENTS AND WEAPONS INTO THE INVENTORY OF EUROPEAN-BASED AND DUAL-BASED UNITS.

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(B) INTRODUCTION OF NEW GENERATION SHIPS AND AIRCRAFT SUCH AS THE PATROL FRIGATES AND SEA CONTROL SHIPS AND THE F-14 AIRCRAFT EMBARKED ALL-WEATHER FIGHTER AIRCRAFT, TOGETHER

WITH THE BRINGING INTO OPERATIONAL SERVICE OF NEW WEAPONS SYSTEMS IN THE FIELDS OF ANTI-SUBMARINE WARFARE, SURVIVABILITY AND SURVEILLANCE.

(C) COMMITMENT OF ADDITIONAL ATTACK SUBMARINES AND MARITIME PATROL AIRCRAFT IN MEDITERRANEAN.

(D) SUBSTANTIAL IMPROVEMENTS IN CONVENTIONAL MUNITIONS AND EO/LASER GUIDED WEAPONS.

2. SIGNIFICANT DEFICIENCIES

(A) MARGINAL REDUCTION IN THE AVAILABILITY OF AUGMENTATION FORCES AND LACK OF ASSOCIATED BILATERAL AGREEMENTS.

(B) SHORTAGES OF ANTI-SUBMARINE WARFARE CARRIERS OR EQUIVALENT TYPE SHIPS, OF CRUISERS AND ESCORTS, AND OF NUCLEAR PROPELLED SUBMARINES.

(C) LACK OF ADDITIONAL RECONNAISSANCE SQUADRON FOR THE SOUTHERN REGION. END TEXT.

4. IN RESPONSE TO QUERY BY US REP (CLINARD), CHAIRMAN (HUMPHREYS) STATES THIS YEAR HE WOULD NOT MAKE A PRESENTATION ON THE NATO FORCE PLAN TO DPC PERMREPS OR MINISTERS. CHAIRMAN ADDED THAT IN HIS VIEW THE WORK REQUIRED FOR THE PRESENTATION IS NOT JUSTIFIED BY THE RESULTS, AND HENCE HE IS AGAINST AN ANNUAL PRESENTATION. CHAIRMAN LEFT DOOR OPEN TO MAKING A PRESENTATION TO PERMREPS IN EARLY 1974 IN CONNECTION WITH REVIEW OF NATO 1975-1980 FORCE GOALS. NO OTHER DELEGATIONS COMMENTED ON THIS SUBJECT.

5. MISSION WILL SEND CRITICAL COMMENT ON REPORT AND PROPOSAL FOR HANDLING IN DPC SEPTTEL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 02 APR 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 23 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973NATO05671
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS 12/31/81
Errors: n/a
Film Number: n/a
From: NATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731165/abqcedmb.tel
Line Count: 632
Locator: TEXT ON-LINE
Office: n/a
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 12
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 22 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22-Aug-2001 by boyleja>; APPROVED <10-Oct-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DRC MEETING, NOVEMBER 22: FORCE PLANS FOR THE PERIOD 1974-1978
TAGS: MCAP, NATO
To: STATE
SECDEF
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005